SYNOPSIS

ON

PERFORMANCE EVALUATION OF

INITIAL PUBLIC OFFERINGS DURING

HOT AND COLD MARKETS

IN

INDIA

Submitted for registration in Doctorate of Philosophy
in
Business Management

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1. TOPIC OF THE RESEARCH

Performance Evaluation of Initial Public Offerings during Hot and Cold Markets in India.

2. INTRODUCTION

"SEBI revamps IPO norms", becomes the headlines of newspapers in 2018 for updated IPO norms and bringing the chartered accountants and company secretaries under its compass, creating a change in current laws and market structure for Indian stock exchanges and depositories (https://economictimes.indiatimes.com/markets/stocks/news/sebi-revamps-ipo-norms). Initial Public Offerings (IPOs) are one of the major factors of primary market public issues. IPO discern the level of business scope in a country and it's the major reason of them being in limelight most of the time. The term "IPO" originated during the everyday speech at U.S. tech bull market in late 1990s along with other world stock exchanges. The phenomenon of having large number of information technology based public issues in late 1990s proved to be a turnaround in the primary market. It later on lead to the emergence of the new term "siliconaire", describing the new dot-com millionaires in Silicon Valley in 20's and 30's, living abruptly large, by investing in internet corporate houses' IPOs. It was then IPOs called out as - the first public offering of securities by a corporate ever since its inception, issued for both debt and equity in primary market, through the long or else indefinite maturity period for the companies, gratifying the requisite of supplementary capital as being the largest crib of funds. In developing economy like India, IPOs are of prime importance and after the capital reforms initiated in 1991, Indian IPO market developed in leaps and bounds. But, the underperformance of public issuers is not news worth absorbing. As mentioned by ET Analysis team (Burugula and Mirchandani, 2019) of Economics Times "100 out of 164 IPOs since 2008 trading below issue price ….. despite a dramatic improvement in market sentiment and one of the biggest bulls runs in the history of the Indian stock market this decade", evidencing that the Indian public issues are not even performing close to the average. The issue which directly or indirectly captures a large sum of money actually looks like high-hanging fruit lets for investors who expects on an average higher return than the market. Thus, the concept of market timing became a part of the market as well, which scholars puts forward as a process of buying and selling as per the overvaluation and undervaluation, which further is written off as aggregate or firm-specific market timing, where first one benefits from the overall industry optimism while the other ones from the firm-specific overvaluation. Many companies bring their issues just following the other

company having huge attraction and try to get the benefit of boosted market temperament. Though, IPO returns' behaviour, performance and determinants are researched extensively from the entry day to elongated term in almost all the major stock exchanges of the world. But, with market timing context, performance of public issues became the new perspective to research. Such preview of public issuers time and again forces the academicians to study - Why firms issue equity? The purpose with which it is issued does not seem to be fulfilled, at least for the last decade in India.

3. LITERATURE REVIEW

The review aims at exploring the concept of market timing and hot and cold market during public issues through available empirical and conceptual literature. It also aims to find out suitable research gap for further research directions. The Review of Literature is presented in following tables which discusses the detailed structure of research studies available in the area.

3.1. Hot and Cold Markets

To define hot and cold markets ample literature is available viewing thought and work of scholar in their researches. It was Ibbotson (1975) and Ibbotson and Jaffe (1975) who defined the hot issues as one whose value (offering prices) rise above average. Later, Ritter (1984) termed it similar to Ibbotson and Jaffe (1975) for his next level research. Larger proportions of lesser IPOs and their concentrations in specific sectors were featured as hot market by Ritter (1984). Ritter (1991) labelled hot issue markets as overoptimistic investors prone and concept of "windows of opportunities" with it. However, Helwege and Liang (2004) defined hot IPO market as one characterized by frequent oversubscription of offerings and severe under pricing while cold IPO markets have much fewer instances of oversubscription and less under pricing in particular industries. Morgan Jr. and Norsworthy (2004) terms the Hot market as a collective period of high initial returns and high issue volume.

Table I (on page) presents studies describing hot and cold market and evidencing the existence of market timing and market conditions along the hot and cold issue periods at world level. Ibbotson and Jaffe (1975), first to document the hot issue markets, approved the predictability of the "hot issue" markets using serial correlations and runs tests on unseasoned

Table I- Hot and Cold Issue Market

Author	Country	Objectives	Findings
Wadhwa and Syamala, (2018); Jain and kanjilal, (2017) and Wadhwa and Syamala, (2017).	India	- Existence of market timing and pseudo market timing in India. - Influence of hot and cold market timing on post issue returns.	- Weak Evidence of market timing and market conditions - Evidence of market timing are stronger for the hot issue markets as compared to the cold issue markets. - Markets possess valuable information content in terms of past issuing activities which have the potential to promote or predictability of future market behaviour. - Indian firms issue equity not just due to market conditions but in order to time the market as well.
Brailsford, Heaney, Powell and Shi, (2000); Ritter, (1984); Ibbotson and Jaffe, (1975) and Helwege and Nellie Liang, (2001).	US	- Existence of hot and cold issues periods - The factors that have influence on hot and cold periods. - Test the explanation, does risk composition of firms going to explain the unusually high average initial returns during hot issue period. - Markets to check out the hot and cold market IPO firms' distinction in quality, prospects and types of companies.	- Strong evidence of Hot and cold periods - High returns are related to high risk associated firms. - There is a positive relation between risk and average initial returns. - Both hot and cold markets are largely concentrated in the same narrow set of high tech industries - Distinctions in quality or long term earnings potential.
Warganegara and Warganegara, (2014); Zaier, Kammoun and Abdelmoula, (2014); Agathee , Brooks and Sannassee, (2012); Abdelmoula and Zaier (2017); Johnsson and Asterman (2017); Nench and Aardtsmit (2013); Doeswalk, Hammes and Venekamp, (2006); Morgan Jr. and Norsworthy, (2004) and Alti, (2006).	(Others) Indonesia Africa Mauritius Egypt Tunisia Sweden South Africa Dutch (Netherlands) Rome, Italy	- To detect hot and cold .markets. - Study to assess the characteristics of the hot and cold IPO market - along with testing the changing risk composition hypothesis - Examines the level of the underpricing during hot and cold market period - Market timing and its impact on capital structure.	- Hot and cold market do exists. - Market is cold for major period - Hot markets - high volume of offerings , greater amount of underpricing and oversubscription - Level of underpricing during hot periods are much higher than those in cold periods - Market is more active when traders detects the hot periods - As firms that go public when the market is hot, issue substantially more equity than cold-market firms do. - The short-term impact of these timing attempts on capital structure is negative.

common stock issued in United States during 1960-1970. The study commended the presence of serial dependency between new issue and past issues data and recommended issuers to get advantage from it by issuing them in cold issue markets at higher offer prices. Carrying forward the Ibbotson and Jaffe (1975), Ritter (1984) tests the relation of risk –composition of firms with average initial returns during hot markets and behavioural examination of natural resources to risk and initial returns using Rock's under pricing theory and 'winner's curse' phenomenon of information asymmetry (Rock 1986) on 1028 IPOs issued in united states during 1977-82. The study disclosed that high risk is associated with high risk associated firms, hence approved the positive relation existing between risk and average initial returns. The same relation was seen for both natural and non-natural resources sectors. However, non-natural sectors issues were more consistent. Overall, the hot issues market existed as per the 'changing-risk composition' phenomenon given that dramatic swings occur in the new issues' markets. Similarly, Brailsford, Heaney, Powell and Shi (2000) too formally documented the US IPO with a final sample of 6,632 unseasoned offerings listed in the period 1976 to1998 aimed at examining the existence of hot and cold markets and different multi-dimensional characteristics of IPO cycles focusing on volume and under pricing of new issues via Markov regime-switching model. It acknowledged the hot period under study and that too marked with high volume and greater under pricing. Further the evidence of prominent relationship between under pricing and IPO volume using VAR analysis chains the argument that under pricing caused the decision to issue by a firm, which was backed by hidden information that issuers could take benefits of while issuing the stocks. However, Helwege and Liang (2001), studied 2,372 US listed IPOs during 1982-1993 era, presented new results with regard to hot and cold market . The paper demonstrated that even though the hot markets are more attractive to the same kinds of firms, the hot and cold markets structures of high-tech industries generally concentrates to same narrow set with few peculiarities in firms' - quality, prospects, types of business or long-term earnings potential. In the end, the results of the study did not counter the results of previous studies with respect to the going public models. Besides this, Morgan Jr. and Norsworthy (2004) research with regard to the hot and cold markets concept in Biotech industry in Rome (Italy) showcased many veiled realities allied to hot general market, Biotech public markets and its private counterparts too. The study undertook 1970 - 2001 timeframe in approximately 1430 firms with 3330 financings (1842 public market financings and 1472 private markets financings) stating that the hot markets in biotech industry for IPOs possess their own distinctiveness that general market for IPOs don't. However, both do connote to some extent. After reviewing studies

presented in table I it can be concluded that the work in India embarked at its initial level few years back but actual base of the study rests at the US market since beginning. Majority of the work in this area is best explored since 2000 only. The studies mentioned new findings such as -Distinctions in quality or long term earnings potential, High returns to high risk associated firms, higher of under pricing during hot periods etc. exists for such market conditions. However in India, literature exhibits less work done in this area i.e. existence of hot and cold markets in Indian stock market, market timing and pseudo market timing, returns in hot and cold periods etc., further giving way to study in context of stock performances and group associations.

3.2. Performance of Public Issues

In India, IPOs look like high-hanging fruit lets for investors who expects on an average higher return than the market, however the risk exists everywhere. Though, IPO returns' behaviour, performance and determinants are researched extensively from the entry day to elongated term in almost all the major stock exchanges of the world, the study enlist the researches undertaken around the world. Stoll and Curley (1970) declared short term period to be the best than long-term span for the stocks vis-a-vis price rise. He even presented that after going public, at some point, the IPOs abnormal returns setup to be negative, which is evenly tracked in results of Ibbotson (1975) and Stern and Bornstein (1985). However, Ibbotson (1975), computed the exscess returns on IPOs indicating the 1st year of positive performance and immediate 3 years of negative performance following positive performances in 5th (last) year. Study reported underperformance of IPOs in the second to fourth years of public trading with 1st and 5th years of positive excess returns. Even Stern and Born- stein (1985) did mention the long run underperformance. Later, the Forbes magazines' cover page story on December 2, 1985, entitled "Why New Issues Are Lousy Investments," recounted the underperformance of IPOs in long run. However, Buser and Chan (1987) evaluated the same (positive average initial return as in Stoll and Curley (1970)) with 2 year performance study on 1,078 IPOs of 1981-1985, but couldn't find the indications of negative after market performance even in long run. Ritter (1991) too measured the long-run performance using cumulative average adjusted returns (CAR) and buys and hold returns. Though study highlighted that issuing firms underperformed substantially year-to-year and over industries to a sample of matching firms and even during heavy volume years going public firms and younger companies did worse than the average. On an average, firms IPO's underperformed the market entailing that high cost of transactions aimed at external equity capital hovering (in IPOs) were recovered by going public firms via low realized long-run returns during peak

fads (Ritter (1987) and Barry, Muscarella, and Vetsuypens (1990)). As such evidence of going public during the finest of industry-specific drifts also validates such notion corroborating that issuers do successfully time the market and offers.

Table II (on page) briefly presents the review for the long run performance of Public Issues. Studies of public issues in different times bring forwards the influential effects of hot and cold periods on the stock performances. Not only this, studies shows the under pricing and overpricing in context to hot and cold period issues hence, ultimately affecting public issues performance. Returns reveal fluctuations, as per the existence of hot and cold issue periods and performance variations too. The study of performance evaluation at such a vast level could be seen in this table and in varied context, but the study of performance and it's swaying factors in the hot and cold market has not been studied. This further gives us way for research to be explored well in Indian stock market.

3.3. Public Issues and Group Authorisation

The company coming out with public issue have a lot of influencing factors other than market timing and market conditions. One of such factors is association of the issuer with a large corporate group. Group affiliated companies are more benefit deriving then non group affiliated ones. Group affiliated companies not only enjoy the power of goodwill among the investors but also have an upper hand in handling the authorities and intermediaries it faces during the issue process. With this view, Khanna and Palepu (2000) documented that the group affiliates firms performs superior to unaffiliated firms. The study concluded that there exists a positive relation amid inside ownership and performance of group as well as the unaffiliated firms as per study. Singh and Gaur (2009) presented the performance consequences of business group affiliation, within the firm governance (in two aspects – board independence and ownership concentration) and external governance environment in emerging economies i.e. India and China. Scrutiny pivot worse performance in group affiliated firms over the unaffiliated ones and that too vigorous in case of Indian group affiliates. However, this strong negative upshot of Indian group affiliate firms could be halted with higher ownership concentration in firms, as subsequent effects of board independence and ownership concentration, over firm performance, were anticipated to be negative and progressive respectively (hence not being true in case of Chinese firms). Gaur and Kumar (2009) mention the relationship between international diversification and firm performance and group affiliation brunt over it in emerging economies. The positive gist with regard to

Table II - Performance of Public Issues

Author	Country	Objectives	Findings
Shikha Bhatia and Singh, (2012); Deb and Kamisetty, (2015); Miglani, (2011); Ghosh, (2004); Sahoo and Rajib, (2010); Savitha,(2019); Dhandayuthapani and Ravindar, (2019); Mayur and Mittal, (2014); Gulati ,Bose and Roy, (2017); Vineet Kohli, (2009); Jacob and Kumar Agarwalla, (2015); Handa and Singh(2017); Dhamija and Kumar Arora, (2017); Giri , Das, Hui and Kaushal, (2018); Kumari and Kumar(2016).	India	- Long-run performance of public issues in India. - Factors that determine the performance of Indian IPOs . - Whether Indian capital markets reflects semi-strong market efficiency. - To analyse the influence of firm-specific characteristics on the timing of the company getting listed in hot and cold market. - The existence of overpricing and underpricing in Indian equity market. - To examine the pricing of IPOs in relation to their future operating performance and risk. - Introduction of grading has influence on the demand and pricing efficiency of IPOs. - The impact of grading on underpricing is examined. - To analyse whether the Indian IPOs outperform the broad market or underperform the broad, in long run . - To identify the key determinants of their long run performance. - To figure out the relation between the condition of the market and underpricing	- Evidence of very high abnormal returns over the 5 years after the issue. - Long run performance of the firms in India differs significantly based on various issue related characteristics. - Stock value of firm increased on the day of announcement of issues and statistically significant abnormal returns. - No significant relation between IPO volume and initial returns during hot and cold periods and amongst other characteristics that have influenced the IPOs in hot and cold market. - Underpricing and overpricing of public offerings exists in Indian. - Indian IPO's initial returns are high but tend to be down considerably over the time. - High pricing of new equity issues are not related to their future operating performance. - Suggesting that high valuations of IPO firms cannot be explained by their lower risk. - Grading is expected to be negatively related to underpricing. And no significant influence on the pricing of IPOs. - Key determinants of long run performance of Indian IPO's are –the type of issuer, issue size, promoter holding and LMP (lead manager's prestige {underwriters}). - Interests of investors are influenced by the market trends. - Performance of IPO changes according to fundamental and technical analysis of the stock.
Rizwan and Khan(2007), Alim, Ramakrishnan, and Khan, (2017).	Pakistan	- The privatisation IPOs and private IPOs differ in terms of underpricing. - Find out reasons of underpricing . - Compare long run performance of public and	- Privatisation IPOs are statistically significantly underpriced more than the private sector IPOs in short run. - Long run performance of public sector IPOs has been

		sector IPOs. - Study investigates the hot and cold issue market phenomena.	remarkably better than private sector IPOs. - The study confirms the existence of hot and cold issue market phenomena. - Hot market IPOs in long-run shows on average high underperformance (negative returns) than cold market IPOs.
Ahmed and Ali, (2017); Gregory, Guermat and Al-Shawawreh, (2010).	UK	- Existence of hot and cold markets. - Testing behavioural timing hypothesis - Examine the compelling evidence of long run underperformance that persists - We ask further whether our results are consistent with pseudo –timing.	- Long run abnormal returns, consistent with evidence of behavioural timing hypothesis. - Hot market IPOs exhibited highly significant negative returns, whilst cold market IPO's constantly exhibited insignificant abnormal returns. - Long run underperformance persists in the market. - Equally weighted returns in calendar time provide further evidence of underperformance. - IPO underperformance is concentrated in smaller firms.
Derrien, (2005); Ritter, (1991); Otieno and Ochieng, (2015); Kithinji, Oluoch and Mugo, (2014); Leong and Sundarasen, (2015); Song , Tan and Yi, (2014); Murthy and Singh, (2009); Goel, (2016); Choi and Nam, (1998); Mittaland Verma, (2016); Purnanandam and Swaminathan, (2004); Durukan, (2002); Jakobsen and Voetmann, (2005); Agathee, Sannassee & Chris Brooks, (2014); Kooli, L'Her and Suret, (2006).	(Others) France Malaysia China Turkey Denmark Mauritius Toronto	- Tests that demand of IPOs by investor is related to market conditions . - Examine underperformance of IPOs . - To study price trends of average price of the share –post listing . - To analyse the trends and conclude about the 'underpricing or overpricing of IPOs'. - To study factors leading in the underpricing and overpricing of the stock - Examine the long run performance of IPOs.	- Investors demand is strongly correlated with market conditions. - Substantial underperformance of public issues exists at the market. - The true price is being discovered only post listing. - IPO prices are overpriced in comparison to their price irrespective of market conditions. - Young firms and firms which offered in high volume years of early 1980 shows serious underperformance. - It is better in the long run to invest in firms going public in cold issue period than in a hot issue period. - Underpriced IPOs outperform in long run.

firm performance and degree of internationalization relationship is recommendable along the moderating effect of group affiliation over it. Advancing our knowledge of IDP (international diversification and firm performance) concept, the above-mentioned technical relationships ensure the high voltage performance of these giant internationalized firms irrespective of the group affiliates. Comprehensively studying the intensity of group affiliation action on the initial performance, Marisettya and Subrahmanyam (2010) undertook 2,713 Indian IPOs (affiliated to business groups, foreign business groups, government-affiliated firms, and stand-alone firms) focusing the post-listing market between 1990 and 2004. Ensuing the greater underpricing for group affiliate firms in addition to both domestic and multi-national private foreign groups which were alleged as more transparent, we further move to the survival analysis of Indian group-affiliated companies - which don't survive better over the stand-alone firms. Hence, consistent with the upshots of other countries literature, the long run performance turns out to be negative. Outlining the concept, the whole study revolves around the investors' reaction to the market drifts similar as Indian investors dramatize the IPOs thus arch the underpricing. Acing up the new conception study, Kim.*etal,(*2010) documented the review of two distinct phases of market-oriented institutional change –i.e. institutional friction and institutional convergence and their promptness over group-affiliated business firms and independent firms' ability to earn from international diversification further with 140 Korean manufacturing MNCs from 1993 to 2003. As highlighted in the study, there exists a resisting relationship amid firm performance and international diversification in emerging economies. Hence, while offering the insight over market-oriented institutional change on organizational responses, the international diversification stands the positive effect of the group affiliation during the institutional convergence period but negative in institutional frictions period when measured with MBV (market to book value)- a firm performance measure.

The group association review table **(Table III –** on page) outbreaks the relational study of group association and under pricing /overpricing and even affiliated and unaffiliated firms. The group association studies have mention with performance study too. Many countries have even explored the group association concept in distinctive manner i.e. with Ownership concentration, earnings management, leverage and growth etc. But the study did not have mention of hot and cold market context to group association. The lack of hot and cold market and its performance influence in context of group association can be researched in future.

Table III - Public Issues and Group Authorisation

Author	Country	Objectives	Findings
Marisetty and Subrahmanyam, (2010); Gupta and Mahakud, (2018); AGaur and Delios, (2015); Pattnaik, Lu and Gaur, (2018); Aggarwal, Jindal and Seth, (2019); Pradhan and Singh, (2011); Khanna And Palepu, (2000); Popli, Ladkani and Gaur, (2017); Richter and Chakraborty, (2015); Gaur And Kumar, (2009) and Singh and Gaur, (2009).	India	- Effect of group affiliation on the initial performance in post –listing market. - To examine the relationship between business group affiliation and corporate investments. - To examine adjustment speed of business group firm to target investment than standalone. - Examine the role of ownership structure on international diversifications. - Examine whether the presence of business group affiliated firms in industries restricts the entry of unaffiliated firms or firms affiliated with small and medium size business groups. - Examine how the business group affiliation influences the relationship between the board diversity and firm performance as a contextual /confounding factor. - Compare the performance of firms affiliated with diversified Indian business groups with the performance of unaffiliated firms in India. - The relationship between promoter ownership and firm performance. - To examine the relationship between degree of internationalisation and firm performance for emerging economy firms along the i-mpact of business group affiliation on this relationship.	- Under-pricing is greater for firm affiliated with groups. - Both domestic and multinational private foreign groups that are presumed to be more transparent. - Business group affiliation affects the corporate fixed investments positively. - The adjustment speed, to target investment is more (higher) for group affiliated firms than the standalone firms. - Positive effect of ownership concentration is greater for foreign ownership though than for corresponding inverse in domestic ownership. - Investment by firms affiliated with large –sized business groups have a U-shaped relationship with the investment by affiliates of small and medium business groups . - Board diversity is positively related with the firm performance (Tobin's Q) of standalone firms ,but this association is negative for group affiliated firms . - Results show that accounting and stock market measures of firm performance initially decline with group diversification and subsequently increase once group diversification exceeds a certain level. - Level of promoter ownership has a positive effect on the firm performance. - There exists a relationship between degree of internationalisation and firm performance and we find that firm performance is positively related to degree of internationalisation, while business group affiliation reduces the positive effect of internationalisation on firm performance.

Ghani, Haroon and Ashraf, (2011); Khatab, Masood, Zaman, Saleem and Saeed, (2011).	Pakistan	- To verify the key financial characteristics of business group firms. - To examine whether firms affiliated with business groups are more profitable than unaffiliated firm. - To investigate relationship between corporate governance and firms performance of companies.	- Group firms are larger in size based on total assets and total sales and have higher liquidity and short –term debt paying ability and marginally lower financial (Risk) leverage than non-group firms. - In results the group affiliated firms are more profitable than the non-group firms (higher ROA). - Results show that leverage and growth have a positive relationship with Tobin's q, which confirms a significant effect in measuring performance of the firm. - Firms with having good corporate governance measures perform well as compared to the firms having less or no corporate governance practices.
Kouwenberg and Thontirawong, (2015); Kim, Kim and Hoskisson, (2010).	(Others) China and Korea	- How business group affiliation, within firm governance, external governance environment affects firm performance. - To examine how group affiliation, a firm being a member of a business group affects earnings management around IPOs.	- Group affiliated firms performed worse than unaffiliated firms - Ownership concentration had a positive effect on firm independence, while the board independence had a negative effect on firm performance. - Estimates confirm that earnings management is high among non-group IPO issuers that are highly dependent on external finance.

4. RESEARCH GAP

Indian Primary market is ranked the second largest market as per the livemint.com report published under the caption - 161 IPOs raised $5.52 billion till November in 2018, on Dec, 28, 2018, in terms of the gross proceeds. Public issues in form of IPOs and SEOs form major source of funding for Indian companies. There is considerable literature on performance analysis of companies coming out with IPOs/SEOs. But few aspects of the market are yet to be analysed and over time with new developments from intermediaries, stock exchanges, regulators and persisting macro environment the existing studies are to be amended. With this view the review of literature brings out the presence of market timing (hot and cold market) and its varied influence on post issue performance, laying the foundation for behavioural study of hot and cold issue period in Indian stock market. Besides this, influence of hot and cold market on public issue performance, can be studied. In India, IPOs look like high-hanging fruit lets for investors who expects on an average higher return than the market, however the risk exists everywhere. Though, IPO returns' behaviour, performance and determinants are researched extensively from the entry day to elongated term in almost all the major stock exchanges of the world, the study enlist the researches undertaken around the world. The study with some chosen variables as factor can become the part of the research. Not only this, the background of issuer and its influences on market environment and performance during post issued period needs to be studied. The company coming out with public issue have a lot of influencing factors other than market timing and market conditions. One of such factors is association of the issuer with a large corporate group. Group affiliated companies are more benefit deriving then non group affiliated ones. Group affiliated companies not only enjoy the power of goodwill among the investors but also have an upper hand in handling the authorities and intermediaries it faces during the issue process. However, the study conducted in this area does not find ways with the hot and cold market period and the performance analysis with affiliated and unaffiliated firms in Indian stock market at current level. Hence, exploring the review, the studies provides evidence for existence of hot and cold market all over the world but Indian studies has not concentrated on this issue, thus providing the scope for future study. Thus following aspects needs to be studied regarding Public Issues in Indian context

- Market timing and Market Conditions
- Hot and Cold Market
- Influence of Group Authorisation

- Variation in performance of public issues over time
- Influence of new developments on public issues

5. SIGNIFICANCE OF THE STUDY

Public Issues are one of the major events in any company's life time. Since 1992 companies have been given freedom to price their capital issues. Various regulations and norms are laid and updated by SEBI (Securities Exchange Board of India) to make them more transparent. But evidences in accordance to previous researches disclose that there exist some reasons due to which public issues perform variedly in different market conditions. And our study could add to such instability stability via benefitting the issuer by timing it well on time and investors to choose for the best at best time following our work. Not only this , government too can generate best revenues from our research work through their public issues as well as from the private company's gains too. However, the particular research theme of public issues may be shallow in terms different market conditions but our research gap tries to fulfil the existing gap of knowledge. Last but not the least, that the market has its own story to tell. The market knows everything and it is almost next to impossible to predict the pattern, behaviour and movement of markets convincingly. As a Japanese proverb about market and its functioning "If you want to know what's happening in the market, ask the market."

6. PROBLEM DEFINITION

The topic entitled "Performance Evaluation of Initial Public Offerings during Hot and Cold Markets in India" is earmarked for the research work underneath the publicized literature review.

7. RESEARCH OBJECTIVES

- To study the presence of hot and cold markets in India.
- To examine the impact of hot and cold markets on stock performance of companies coming out with Initial Public Offerings in India.
- To evaluate the performance of group affiliated and non-group affiliates companies.
- To analyse the performance of group affiliated and non-group affiliated IPOs companies during hot and cold markets.

8. FORMULATION OF HYPOTHESES

On the basis of literature review, the following hypotheses are proposed for the present study:

- H_{01}: There is no presence of the hot and cold markets in India.
- H_{02}: There is no influence of hot and cold markets on the post issue stock performance of IPOs in India
- H_{03}: There is no difference in the post issue stock performance of group affiliated and non-group affiliated IPO issuers in India.
- H_{04}: There is no influence of hot and cold markets on the performance of group and non-group affiliated IPO issuers in India.

9. RESEARCH METHODOLOGY

- **Research Design:** The present study would follow descriptive and exploratory research design.
- **Sample:** The study includes all the companies which offer Initial Public Offerings (IPOs) in public for the time span 2012-2022.
- **Study Period:** The span would be around 10 years for the study from 2012-2022.
- **Type of Data**: The data collected for this study would be secondary in nature.
- **Statistical Tools**: For the purpose of analysis, various suitable statistical tools like descriptive statistics, regression analysis, correlation, etc. will be used as per the need of the study.
- **Sources of Data**: The secondary data would be collected from the CMIE Prowess database, NSE, BSE, and also the other relevant websites in consideration to it together with the various reports, journals, newspapers, text books etc.

10. ORGANISATION OF THE STUDY (CHAPTER SCHEME)

The tentative chapter scheme of the proposed research work is as follows:

Chapter1- Introduction

This chapter will deal with the concepts of hot and cold markets, performance and group affiliation with public issues in India.

Chapter 2 – Review of Literature

It will give a brief review of related existing studies in order to find the research gaps.

Chapter 3 – Research Methodology

This chapter will include two sections:

1) First part includes the research problem and objectives of the study.
2) Second will deal with the research methodology to be used for the study. It will include the statement of the problem, research design, sample and time period of study, hypothesis formulation, data collection tools and techniques to be used in the study, relevance of the study and limitations of the study.

Chapter 4, Chapter 5 and Chapter 6 - Analysis and Interpretation of Data

This chapter will discuss the analysis and interpretation of data carried out as per the objectives of the study.

Chapter 7 – Conclusion and Recommendations

Chapter 7 will précis the research highlights. It will include the major findings of the study, conclusion and suggestions. Also the research direction for future research in this area will be provided towards the end along with the research work, comprehensive bibliography on the subject and some appendices.

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Signature of Candidate
(Sunaina Dhanda)

Signature of Director
(With Official Seal)